

GOVERNMENT AND AGRICULTURE:  
OPINIONS OF OHIO FARMERS

by

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## Government and Agriculture: Opinions of Ohio Farmers

High, budget deficits, high interest rates, financial distress, and expensive farm programs are but a few of the factors which have combined to create substantial interest in federal farm policy and the 1985 farm bill. Options proposed have ranged from mandatory farm participation in land set aside programs to elimination of all price and income support programs. Whatever the outcome of this debate, farm operators will ultimately be affected. Therefore, to obtain a picture of Ohio farmers' opinions concerning issues surrounding the 1985 farm legislation, a random sample of Ohio farm operators was surveyed in March 1984. Topics covered included the general direction of farm policy, production controls, conservation initiatives, price supports, federal farm credit programs, international trade, and federal budget deficits.

### Ohio Farm Operator Sample

Two thousand Ohio farm operators were randomly selected for the survey. Usable responses numbered 424, yielding a 21 percent response rate. The questionnaire along with the responses to all questions can be obtained from the authors. Due to space limitations only selected questions will be discussed in this article.

Characteristics of the respondents were generally similar to those for Ohio farm operators reported in the 1982 Census of Agriculture. Over 50 percent of respondents were older than 40, approximately 50 percent annually grossed \$40,000 or less from farming, grains were the dominant source of farm income, and for 43 percent of respondents off-farm employment and investments provided less than 25 percent of total family income while for 21 percent off-farm employment and investments provided more than 75 percent of total

family income. A difference between the survey and Census characteristics was the larger average farm size of survey respondents. They farmed 372 acres on average in 1983 while the Census reported an average farm size of 177 acres. Greater than proportional representation of large farmers is common among respondents to surveys of farm operators and was expected. Nevertheless, it should be kept in mind when analyzing the survey results.

#### Opinions Concerning the General Orientation of Farm Programs

Among Ohio farm operators there appears to be significant discontent with the current farm program. Only 33 percent of the survey respondents preferred that the present, voluntary program be continued after 1985 (Table 1). However, the present program received a plurality. The next most frequently mentioned (29 percent) general approach was elimination of all set aside, price support, and government storage programs. Mandatory set aside programs were supported by 17 percent of respondents while acreage allotments and marketing quotas, the program in effect before 1960, was the choice of 10 percent. Thus, even though discontent was obvious with the current programs even more disagreement existed over the choice among alternatives.

Little difference in these opinions was evident when respondents were separated into categories by most important source of income, debt-to-asset ratio, percent of family income coming from off-farm employment and investments, or membership in a general farm versus commodity organization. In contrast, opinions did vary by farm size, especially when measured by acres farmed. Specifically, as farm size increased, support for the present farm programs increased while support for elimination of government programs declined (Table 1). This relationship may reflect a greater importance of government programs to large farmers. Larger farmers, in general, are more dependent on farm income as a source of family income than are smaller

Table 1: Opinion of Farm Operators Concerning General Direction of 1985 National Farm Bill by Farm Size, Ohio, March 1984.

Farm Size <sup>a</sup> (acres)	Farm Program					Undecided/ No Response	Total <sup>c</sup>
	Present Program	Mandatory Set-Aside <sup>b</sup>	Acreage Allotment/ Marketing Quotas - - - percent <sup>d</sup>	No Support Program - - -	Other Program		
1-99	29	18	7	32	5	9	100
100-249	33	12	6	34	3	13	100
250-499	35	19	11	31	3	2	100
500-999	38	17	17	13	6	8	100
1000+	48	22	7	11	4	8	100
All farmers	33	17	10	29	4	8	100

<sup>a</sup> Acres farmed in 1983 including government idled acres.

<sup>b</sup> Would have to be approved in farmer referendum.

<sup>c</sup> Total may not add to 100 due to rounding.

<sup>d</sup> Percents are based on the following number of respondents by categories: 1-99 acres, 111; 100-249 acres, 116; 250-499 acres, 95; 500-999 acres, 52; 1000+ acres, 27, and all farmers, 424.

Source: Original Survey Data.

operators, who generate a greater share of total earnings from off-farm sources. Thus, compared with small farmers large farmers may perceive a greater need for the effect of farm programs on farm income.

Most Ohio farm operators are also dissatisfied with the process used to make farm policy. Only 23 percent preferred continuation of the present system. In contrast, forty percent felt that producers should organize, control and finance their own supply management program without government involvement. Another 25 percent opted for a Presidentially-appointed, independent board operating under Congressional guidelines and composed of farmer, agribusiness, and consumer representatives.

Ohio farm operators appear to be less satisfied with the policy process than with the actual program. However, disagreement among farmers on what, if any, program should be implemented may underpin the dissatisfaction with the policy process. Disagreement over the future course of policy opens the policy process to influence by groups who normally have little, if any, impact on farm policy. This weakens the farmers' role, which may be expressed as dissatisfaction with the policy process and as a desire to enhance farmer control through establishment of a different process.

#### Opinions Concerning Specific Policy Instruments

The current farm program is implemented through a variety of instruments including target prices/deficiency payments, acreage diversion, farmer-owned grain reserve, payment-in-kind, and payment for milk production cutbacks. Support for continuation of these specific instruments, excluding payments for milk production cutbacks, was much stronger than support for the current farm program's general orientation (Table 2). Furthermore, support for the individual instrument was generally greatest among farmers most directly affected by the related programs (Table 2). For example, a majority of grain

farmers favored continuation of target prices, paid land diversions, the farmer-owned reserve, and payment-in-kind. It should be noted that support for the farmer-owned reserve was broad. This probably reflects its twin goals: to support grain prices when supplies are large by encouraging farmers to store and to moderate pressures for high prices by releasing the stored grain when market supplies are relatively short.

TABLE 2. Percent of Farm Operators Who Support Continuation of Specific Farm Program Provisions by Most Important Source of Income in 1983, Ohio, March 1984.

Program Provision	Major Source of Income in 1983					All Farmers
	Grain	Half Grain, Half Livestock	Hogs, Beef	Dairy	Other	
	- - -	percent <sup>a</sup>	- - -			
Target Prices and Deficiency Pymts.	56	47	38	39	40	48
Acreage Diversion Payments	58	38	32	35	44	47
Farmer-Owned Reserve	51	47	51	49	53	51
Payment-in-Kind <sup>b</sup>	60	53	35	39	44	51
Milk Production Cutback Payments <sup>b</sup>	34	31	27	42	30	34

<sup>a</sup> Percents are based on the following number of respondents by categories: grain, 203; half grain/half livestock, 45; hogs/beef, 65; dairy, 57; other, 43; and all farmers, 424.

<sup>b</sup> Percent obtained by adding together the percents who strongly agreed and agreed that these program provisions should be continued.

Source: Original Survey Data.

In general, livestock producers were less supportive of most program provisions than were grain producers. This probably reflects the fact that most provisions mainly benefit grain producers and many can be viewed as having a price increasing impact on livestock feed. Also, as farm size increased, support for the individual instruments increased just as support for the current program in general increased.

Continuation of the dairy production reduction program was supported by only one-third of all farm operators. As expected, support was least among farmers who reported beef and/or hogs as their chief source of income. Dairy producers themselves were divided in their support and only three percent had no opinion. Forty-two percent agreed or strongly agreed that the program should be continued if dairy production remains excessive. On the other hand, 49 percent disagreed or strongly disagreed with its continuation. Thus, the dairy program has significant political problems in terms of producer support.

#### Opinions Concerning Operationalization of Specific Policy Instruments

The present federal administration and many other policy makers believe that current price support loan rates are too high and therefore discourage both domestic and foreign usage. One suggested remedy for this problem is to set the loan rate in relation to the average market price for the past three to five years. Fifty-two percent of the survey respondents agreed or strongly agreed with this policy while only 25 percent disagreed or strongly disagreed. Thus, Ohio farm operators seem to support a more market-oriented loan rate.

A major concern to many is soil erosion. It has been suggested that farmers be required to follow recommended soil conservation measures in order to qualify for price and income supports. Sixty-nine percent of the respondents agreed or strongly agreed with this policy prescription. If

enacted, this would represent a return to the principle established in the 1930s that farmers should conserve resources for the public good in return for public help.

A third policy issue is the distribution of farm program benefits among different sizes of farms. Past program benefits have been heavily skewed toward large farmers. This result has been questioned since large farmers, especially those with \$200,000 or more in sales, earn substantially more from farming than the national average family income. For example, in 1982 farms with \$200,000 or more in sales averaged over \$169,000 net income from farming.

Reflecting this policy concern, the survey contained a question on whether price and income support benefits should be targeted to farms with annual sales under \$40,000 (Table 3). As a group, over 55 percent of the respondents supported this targeting. However, responses varied substantially by farm size. Specifically, the smallest farmers expressed a 75 percent preference rate for this policy contrasted with 12 percent for the largest farmers. Thus, support for redirecting farm program benefits toward small and medium size farmers was strongly related to economic self interest. Consequently, sector-wide support for such a reorientation of program benefits was lacking.

#### Trade Policy and Loan Repayment Moratorium

Foreign agricultural trade emerged as an important topic during the early 1980s. Therefore, unsurprisingly, a majority or near majority of respondents expressed support for these policies to increase farm exports: (1) match export subsidies of competitors, (2) encourage lower trade barriers by major importers; (3) establish a national marketing board, (4) promote bilateal trade agreements, (5) provide more food aid to hungry nations, (6) strengthen



Table 3. Opinion of Farm Operators Concerning Whether Price and Income Supports Should be Targeted to Farmers with Annual Farm Sales of Under \$40,000 by Annual Gross Farm Income, Ohio, March 1984.

Annual Gross Farm Sales <sup>a</sup> (dollars)	Opinion						Total <sup>b</sup>
	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	No Response	
	- - - percent - - - <sup>c</sup>						
40,000 or less	45	29	8	12	2	3	100
40,001-99,999	26	27	10	20	13	3	100
100,000-199,999	13	15	20	35	17	0	100
200,000+	6	6	7	48	26	6	100
All Farmers	34	24	10	20	9	3	100

<sup>a</sup> Annual gross farm sales in recent years.

<sup>b</sup> Total may not add to 100 due to rounding.

<sup>c</sup> Percents are based on the following number of respondents by categories: \$40,000 or less, 205; \$40,000-99,999, 106; \$100,000-199,999, 54; \$200,000+, 32; and all farmers, 423.

Source: Original Survey Data.

the General Agreement on Tariffs and Trade, and (7) expand farmer-financed market development programs. Considerable disagreement existed, however, over the merits of increasing exports by lowering U.S. support prices, forming an export cartel with other major exporters, or establishing a two-tier price plan with price support being offered only to domestically consumed products. Among the various trade prescriptions it is notable that 63 percent of the respondents supported farmer-financed export promotion programs. This preference suggests that Ohio farmers would be receptive to additional federal initiatives on this issue.

The current fiscal distress in agriculture has encouraged repeated calls for a moratorium on farm foreclosures. Others, have argued that such a policy would only reduce the loanable funds available to farm operators as lenders

would move their funds to less restricted sectors. One particular institution caught in this debate is Farmers Home Administration (FmHA). The survey, therefore, asked what FmHA's policy should be toward its present borrowers. As a group, only 23 percent of the respondents supported a FmHA moratorium for either all distressed borrowers or young "deserving" farmers (Table 4). This support varied little when respondents were analyzed by off-farm income, farm size, and major source of income. In contrast, support for a moratorium increased as debt-to-asset ratio increased, particularly when it exceeded 75 percent. Since the latter is to be expected out of economic self interest, it can be concluded that widespread support does not exist for a moratorium on FmHA loans.

#### Conclusions

Discontent with the current legislation appears widespread, but when it is analyzed by comparing policy alternatives, by disaggregating according to farmer characteristics, and by examining specific policy instruments, few clear policy directions emerge. Thus, as concerns Ohio farm operators, continuation of the general philosophy and orientation of the present farm policy seems likely. The one exception may be a discontinuation of the dairy diversion program. Changes in the operation of the present policy for which general support appears to exist include cross compliance between soil erosion control measures and price and income support benefits and changing the method for setting the price support loan rate to make it more market oriented. Ohio farm operators also want to become more involved in programs to support the sector be it through self-financed export expansion programs or self-directed and financed price and income support programs. Lastly, little support apparently exists for a moratorium on farm debt repayment.

Table 4: Opinion of Farm Operators Concerning the Desired Credit Policy for Farmers Home Administration by Debt-to-Asset Ratio, Ohio, March 1984.

Debt-to-Asset Ratio (percent)	Credit Policy					No Response	Total <sup>b</sup>
	Continue Present Policy <sup>a</sup>	Comprehensive Foreclosure Moratorium	Moratorium only for Selected Young Farmers - - - percent <sup>c</sup> - - -	Set Stricter Policy	Other		
0	50	12	10	23	4	1	100
1-25	54	12	7	21	5	2	100
26-50	45	17	7	24	6	1	100
51-75	55	21	8	16	0	0	100
76+	29	21	29	7	7	7	100
All Farmers	50	14	9	21	4	1	100

<sup>a</sup>Present policy is not to foreclose unless all repayment efforts have failed.

<sup>b</sup>Total may not add to 100 due to rounding.

<sup>c</sup>Percents are based on the following number of respondents by categories: 0%, 173; 1-25%, 121; 26-50%, 71; 51-75%, 38; 76%+, 14; and all farmers, 424.

Source: Original Survey Data.

